Retained Copy 2/5/46

SECRET THIS DOCUMENT CONSISTS OF 3 PAGES
COPY NO. 2 OF 6 SERIES A

UNITED STATES
ATOMIC ENERGY COMMISSION

EIDMR-104

Oak Ridge, Tennessee
February 20, 1947

RHTG

1045

United States Atomic Energy Commission
Washington, D. C.

Attention: General Manager

SUBJECT: DISPOSITION OF S-50 PLANT. (U)

1. The S-50 Plant was placed in stand-by status in September, 1945.

2. Recent studies made of the possible operation of S-50 in series with K-25 indicate that such a plan cannot be economically justified. Although a 2% increase in K-25 Diffusion Plant production might be realized by using S-50 product as an enriched feed to the K-25 Plant, it is estimated that a 20% increase in overall operating cost would result.

3. An equivalent increase in K-25 production could be obtained by either of the following methods:

a. Installation of 32 additional K-27 stages. This could be done at a cost equal to that of operating the S-50 plant for six months. Operating costs of the K-27 Plant would not be measurably increased by the addition of these stages.

b. Increasing the present K-25 feed rate by 10.8%. This would involve no new capital cost expenditures. The only increased monthly cost in operation would be that of additional feed material in the amount of $42,320, or about 7% of the monthly cost of operating S-50.

4. By reason of the above, and the recent decision in the curtailment of the Y-12 Plant, the S-50 Plant now should be considered a surplus facility and disposed of.

5. The cost of maintaining and providing security protection for S-50 during the calendar year 1946 amounted to $95,546 or approximately $7,962 per month.

SUBJECT: DISPOSITION OF S-50 PLANT. February 20, 1947

6. Recently a thorough inspection was made of the plant, equipment therein, and pertinent facilities, which indicated that it would cost approximately $100,000 in labor and material to place the plant, equipment and pertinent facilities in proper condition for stand-by over a long period of time, and that continued maintenance and security would cost approximately $6,000 a month.

7. A survey made by the J. A. Jones Construction Company indicates that if all the S-50 Plant, equipment, and pertinent facilities, which are not now in use and for which there is no forseeable use, were dismantled and disposed of, the cost would be as follows:

Dismantling Cost	Salvage Value
$1,783,181.08	$289,785.00

If the material which could be salvaged were disposed of through the Atomic Energy Commission, total cost would be $1,493,396. Construction costs for that portion of the S-50 Plant which is considered for dismantling amounted to $8,608,955, of which $7,261,010 is attributable to the main process building. Estimating construction labor at 50% of this amount, the figure of $3,630,000 may be compared with the dismantling cost mentioned above, which includes the cost of dismantling, cataloging, marking, crating, and hauling as necessary.

8. It is further considered that the S-50 process building could be converted to a warehouse in its present location at a total cost of $718,630, and with the recovery of $172,508 for salvage. It is suggested that consideration be given to conversion of the F-01 structure to two warehouses which could be effectively used in the present X-10 program as noted in enclosure 2.

9. While it is realized that the disposal of S-50 cannot be economically justified on the basis of saving of present maintenance and security costs. It is believed that eventually these facilities will be dismantled over a period of years. A market now exists for material and equipment of value that can be salvaged. Also the potential fire hazards to the balance of the wooden structures in the area, now being used by the NEPA Division of the Fairchild Engine & Airplane Corporation, and the K-25 Power Plant will be reduced.

10. If it is not desired to dismantle and dispose of the S-50 Plant and facilities, consideration should be given to removal of those materials and/or equipment that now possess a sale value and

SUBJECT: DISPOSITION OF S-50 PLANT. February 20, 1947

discontinuance of future maintenance and security protection. It is estimated that $114,866 worth of salable materials can be removed (without complete dismantling of the plant) at a cost of $57,175.50.

11. Mention is made of the possibility of installing 16 additional diffusion stages in the K-27 Plant (thereby increasing K-25, K-27 Plant productivity by 1%) for the net dismantling and salvaging estimated cost stated above.

12. Enclosure number 1 covers briefly the history, production and economical data used, and buildings involved. Enclosure number 2 covers in detail an estimate prepared by the J. A. Jones Construction Company of the cost of dismantling and salvage value of the equipment and materials of the S-50 Plant.

ATOMIC ENERGY COMMISSION

WALTER J. WILLIAMS
Manager of Field Operations.

2 Incls.:
1. Report, S-50 Plant: Hist., Econ., and Prodn. Data. (2)
2. Cy. Ltr. fr. J.A. Jones Constrn. Company, Inc. dated 2/19/47.